

**REPORT OF THE AUDIT OF THE
FULTON COUNTY
SHERIFF**

**For The Year Ended
December 31, 2009**



**ADAM H. EDELEN
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EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE FULTON COUNTY SHERIFF

**For The Year Ended
December 31, 2009**

The Auditor of Public Accounts has completed the Fulton County Sheriff's audit for the year ended December 31, 2009. Based upon the audit work performed, the financial statement presents fairly, in all material respects, the revenues, expenditures, and excess fees in conformity with the regulatory basis of accounting.

Financial Condition:

Excess fees decreased by \$6,052 from the prior year, resulting in excess fees of \$3,973 as of December 31, 2009. Revenues increased by \$3,686 from the prior year and expenditures increased by \$9,738. The Sheriff owes the fiscal court additional excess fees of \$1,431 as a result of disallowed expenditures.

Debt Obligations:

Total debt obligations as of December 31, 2009, was \$24,820 which are due over the next two years.

Report Comments:

- 2009-01 The Fulton County Sheriff Should Eliminate The \$1,431 Deficit In His Official Fee Account Due To Unallowable Expenditures
- 2009-02 The Fulton County Sheriff Should Batch Receipts Daily And Make Timely Deposits
- 2009-03 The Fulton County Sheriff's Quarterly Financial Report Should Be Complete And Accurate
- 2009-04 The Fulton County Sheriff Should Prepare An Annual Settlement Of Excess Fees At The Close Of Each Calendar Year Which Should Be Approved By Fiscal Court And Published In The Local Newspaper
- 2009-05 The Fulton County Sheriff's Office Should Maintain Timesheets To Support Payroll Expenses And Properly Account For Any Overtime Hours
- 2009-06 The Fulton County Sheriff's Office Lacks An Adequate Segregation Of Duties

Deposits:

The Sheriff's deposits were insured and collateralized by bank securities or bonds.

CONTENTS

PAGE

INDEPENDENT AUDITOR'S REPORT	1
STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS	3
NOTES TO FINANCIAL STATEMENT	6
SCHEDULE OF EXCESS OF LIABILITIES OVER ASSETS - REGULATORY BASIS	9
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	13
COMMENTS AND RECOMMENDATIONS	17



ADAM H. EDELEN
AUDITOR OF PUBLIC ACCOUNTS

The Honorable David Gallagher, Fulton County Judge/Executive
The Honorable Robert Hopper, Fulton County Sheriff
Members of the Fulton County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of revenues, expenditures, and excess fees - regulatory basis of the Sheriff of Fulton County, Kentucky, for the year ended December 31, 2009. This financial statement is the responsibility of the Sheriff. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Sheriff's office prepares the financial statement on a regulatory basis of accounting that demonstrates compliance with the laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the revenues, expenditures, and excess fees of the Sheriff for the year ended December 31, 2009, in conformity with the regulatory basis of accounting described in Note 1.

Our audit was conducted for the purpose of forming an opinion on the financial statement referred to above. The schedule of excess of liabilities over assets is presented for purposes of additional analysis and is not a required part of the financial statement. Such information has been subjected to auditing procedures applied in the audit of the financial statement and, in our opinion, is fairly stated, in all material respects, in relation to the financial statement taken as a whole.



The Honorable David Gallagher, Fulton County Judge/Executive
The Honorable Robert Hopper, Fulton County Sheriff
Members of the Fulton County Fiscal Court

In accordance with Government Auditing Standards, we have also issued our report dated November 30, 2011 on our consideration of the Fulton County Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Based on the results of our audit, we have presented the accompanying comments and recommendations, included herein, which discusses the following report comments:

- 2009-01 The Fulton County Sheriff Should Eliminate The \$1,431 Deficit In His Official Fee Account Due To Unallowable Expenditures
- 2009-02 The Fulton County Sheriff Should Batch Receipts Daily And Make Timely Deposits
- 2009-03 The Fulton County Sheriff's Quarterly Financial Report Should Be Complete And Accurate
- 2009-04 The Fulton County Sheriff Should Prepare An Annual Settlement Of Excess Fees At The Close Of Each Calendar Year Which Should Be Approved By Fiscal Court And Published In The Local Newspaper
- 2009-05 The Fulton County Sheriff's Office Should Maintain Timesheets To Support Payroll Expenses And Properly Account For Any Overtime Hours
- 2009-06 The Fulton County Sheriff's Office Lacks An Adequate Segregation Of Duties

This report is intended solely for the information and use of the Sheriff and Fiscal Court of Fulton County, Kentucky, and the Commonwealth of Kentucky and is not intended to be and should not be used by anyone other than these interested parties.

Respectfully submitted,



Adam H. Edelen
Auditor of Public Accounts

November 30, 2011

FULTON COUNTY
 ROBERT HOPPER, SHERIFF
STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS

For The Year Ended December 31, 2009

Revenues

State Grants		
Highway Safety	\$	1,953
State - Kentucky Law Enforcement Foundation Program Fund (KLEFPF)		10,635
State Fees For Services:		
Finance and Administration Cabinet	\$	20,097
Sheriff Security Service		17,011
		<hr/> 37,108
Circuit Court Clerk:		
Fines and Fees Collected		6,353
Fiscal Court		50,891
County Clerk - Delinquent Taxes		635
Commission On Taxes Collected		101,406
Fees Collected For Services:		
Auto Inspections		3,585
Accident and Police Reports		22
Serving Papers		12,859
Telecommunication Commissions		1,307
Transports		6,720
Tax Penalty Fees		15,346
Carrying Concealed Deadly Weapon Permits		1,400
		<hr/> 41,239
Other:		
Jury Meals		422
Miscellaneous		2,325
		<hr/> 2,747
Interest Earned		175
Borrowed Money:		
State Advancement		50,900
Bank Note		15,000
		<hr/> 65,900
Total Revenues		<hr/> 319,042

The accompanying notes are an integral part of this financial statement.

FULTON COUNTY
 ROBERT HOPPER, SHERIFF
 STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS
 For The Year Ended December 31, 2009
 (Continued)

Expenditures

Operating Expenditures:

Personnel Services-

Deputies' Salaries \$ 107,830

Part-Time Salaries 577

Materials and Supplies-

Office Materials and Supplies 4,913

Uniforms 866

Law Enforcement Equipment 6,537

Computer Expense 2,280

Office Equipment 2,379

Telephone 3,793

Auto Expense-

Gasoline 8,138

Maintenance and Repairs 2,788

Mileage 8,711

Other Charges-

Conventions and Travel 6,646

Dues 711

Postage 2,008

Bond 102

Court Facility Fees 2,563

Training 551

Jury Meals 509

Miscellaneous 3,241

Debt Service:

State Advancement 50,900

Vehicle Lease 12,842

Bank Note 15,000

Interest 330

Total Expenditures \$ 244,215

Less: Disallowed Expenditures

No supporting documentation (955)

Late Fees (393)

Unofficial business (83) (1,431)

Total Allowable Expenditures \$ 242,784

The accompanying notes are an integral part of this financial statement.

FULTON COUNTY
ROBERT HOPPER, SHERIFF
STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS
For The Year Ended December 31, 2009
(Continued)

Net Revenues	\$ 76,258
Less: Statutory Maximum	<u>68,757</u>
Excess Fees	7,501
Less: Training Incentive Benefit	<u>3,528</u>
Excess Fees Due County for 2009	3,973
Payment to Fiscal Court - March 12, 2010	<u>2,542</u>
Balance Due Fiscal Court at Completion of Audit	<u><u>\$ 1,431</u></u>

The accompanying notes are an integral part of this financial statement.

FULTON COUNTY
NOTES TO FINANCIAL STATEMENT

December 31, 2009

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of revenues over expenditures to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

KRS 64.820 directs the fiscal court to collect any amount, including excess fees, due from the Sheriff as determined by the audit. KRS 134.310 requires the Sheriff to settle excess fees with the fiscal court at the time he files his final settlement with the fiscal court.

The financial statement has been prepared on a regulatory basis of accounting, which demonstrates compliance with the laws of Kentucky and is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this regulatory basis of accounting revenues and expenditures are generally recognized when cash is received or disbursed with the exception of accrual of the following items (not all-inclusive) at December 31 that may be included in the excess fees calculation:

- Interest receivable
- Collection on accounts due from others for 2009 services
- Reimbursements for 2009 activities
- Tax commissions due from December tax collections
- Payments due other governmental entities for payroll
- Payments due vendors for goods or services provided in 2009

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

FULTON COUNTY
NOTES TO FINANCIAL STATEMENT
December 31, 2009
(Continued)

Note 2. Employee Retirement System

The county official and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a cost sharing, multiple employer defined benefit pension plan, which covers all eligible full-time employees and provides for retirement, disability and death benefits to plan members. Benefit contributions and provisions are established by statute.

Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008 are required to contribute 6 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 13.50 percent for the first six months and 16.16 percent for the last six months.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Nonhazardous employees who begin participation on or after September 1, 2008 must meet the rule of 87 (members age plus years of service credit must equal 87, and the member must be a minimum of 57 years of age) or the member is age 65, with a minimum of 60 months service credit.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report. This report may be obtained by writing the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, KY 40601-6124, or by telephone at (502) 564-4646.

Note 3. Deposits

The Fulton County Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1)(d). According to KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the Sheriff's deposits may not be returned. The Fulton County Sheriff does not have a deposit policy for custodial credit risk but rather follows the requirements of KRS 41.240(4). As of December 31, 2009, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

FULTON COUNTY
 NOTES TO FINANCIAL STATEMENT
 December 31, 2009
 (Continued)

Note 4. Drug Forfeiture Fund

The Fulton County Sheriff maintains a Drug Forfeiture Fund, as set forth by KRS 218A.435. The account is to be funded by court-ordered forfeiture of money or funds received from the sale of forfeited assets, and interest received on deposits of forfeiture funds. The funds are to be used for various law enforcement operations, equipment, and education. As of January 1, 2009, the Drug Fund had a balance of \$8,262. During the year, funds of \$15,642 were received and \$19,136 were expended, leaving an ending balance at December 31, 2009 of \$4,768.

Note 5. Lease

The Fulton County Sheriff's Office entered into two lease agreements with Daimler Chrysler Financial Services Americas, LLC at the end of calendar year 2007 to purchase two law enforcement vehicles for \$55,409. Both lease agreements require monthly payments of \$577 for 48 months at an interest rate of 5.95 percent. The Fulton County Sheriff's Office was in compliance with the terms of the lease agreement for calendar year 2009. As of December 31, 2009, the outstanding balances of the two lease agreements is \$24,820.

	Lease #1	Lease #2
Amounts due for CY 2010	6,926	6,927
Amounts due for CY 2011	5,195	5,772
	<u>12,121</u>	<u>12,699</u>

FULTON COUNTY
ROBERT HOPPER, SHERIFF
SCHEDULE OF EXCESS OF LIABILITIES OVER ASSETS - REGULATORY BASIS

December 31, 2009

Assets

Cash in Bank	\$ 29,602	
Receivables	<u>48,270</u>	
Total Assets		\$ 77,872

Liabilities

Paid Obligations:		
Outstanding Checks	\$ 4,644	
Liabilities	<u>73,228</u>	
Total Paid Obligations		77,872
Unpaid Obligations:		
Fulton County-		
Excess Fees - 2009	<u>1,431</u>	
Total Unpaid Obligations		<u>1,431</u>
Total Liabilities		<u>79,303</u>
Total Fund Deficit as of December 31, 2009		<u><u>\$ (1,431)</u></u>

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



ADAM H. EDELEN
AUDITOR OF PUBLIC ACCOUNTS

The Honorable David Gallagher, Fulton County Judge/Executive
The Honorable Robert Hopper, Fulton County Sheriff
Members of the Fulton County Fiscal Court

**Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards**

We have audited the statement of revenues, expenditures, and excess fees - regulatory basis of the Fulton County Sheriff for the year ended December 31, 2009, and have issued our report thereon dated November 30, 2011. The Sheriff's financial statement is prepared in accordance with a basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Fulton County Sheriff's office is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Fulton County Sheriff's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Sheriff's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Sheriff's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying comments and recommendations, we identified a certain deficiency in internal control over financial reporting that we consider to be material weaknesses and others we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying comments and recommendations as items 2009-03 and 2009-06 to be material weaknesses.



Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards
(Continued)

Internal Control Over Financial Reporting (Continued)

A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying comments and recommendations as items 2009-02 and 2009-05 to be significant deficiencies.

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Fulton County Sheriff's financial statement for the year ended December 31, 2009, is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying comments and recommendations as items 2009-01, 2009-02, 2009-04, and 2009-05.

The Fulton County Sheriff's responses to the findings identified in our audit are included in the accompanying comments and recommendations. We did not audit the Sheriff's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Fulton County Fiscal Court, and the Department for Local Government and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Adam H. Edelen', with a long horizontal flourish extending to the right.

Adam H. Edelen
Auditor of Public Accounts

November 30, 2011

COMMENTS AND RECOMMENDATIONS

FULTON COUNTY
ROBERT HOPPER, SHERIFF
COMMENTS AND RECOMMENDATIONS

For The Year Ended December 31, 2009

FINANCIAL STATEMENT FINDINGS:

2009-01 The Fulton County Sheriff Should Eliminate The \$1,431 Deficit In His Official Fee Account Due To Unallowable Expenditures

The Fulton County Sheriff has a deficit of \$1,431 for calendar year 2009 due to paying expenditures that did not have any supporting documentation or were not an allowable expense. The Fulton County Sheriff did not maintain supporting documentation for \$955 in credit card charges, paid fee expenditures late incurring late fees and finance charges of \$393, and paid for \$83 for nonofficial items from the fee account. These types of expenditures are not allowable based on Funk v. Milliken, 317 S.W.2nd 499 (KY 1958). Maintaining proper supporting documentation of expenses is essential for providing evidence of reasonableness and necessity for official use. Without proper supporting documentation, the expenditure is disallowed, resulting in reimbursement by the official to the fee account for the expenditure. We recommend the Sheriff maintain proper supporting documentation of all fee expenditures. We also recommend the Sheriff implement control procedures to insure the proper supporting documentation is present before a check is written for any expenditure. We recommend that the Fulton County Sheriff eliminate the deficit by depositing \$1,431 from his personal funds into his official fee account and then remit the \$1,431 as excess fees to the Fiscal Court.

Sheriff Robert Hopper's Response: "I was out of office with medical problems and when I came back I had to let my bookkeeper go. A large majority of the receipts couldn't be found. They were suppose to be kept in a folder that couldn't be located. I called and retrieved several receipts. Due to several of the receipts being out of town and to old for the businesses to still I was unable to acquire all of the receipts."

2009-02 The Fulton County Sheriff Should Batch Receipts Daily And Make Timely Deposits

KRS 68.210 gives the State Local Finance Officer the authority to establish minimum accounting requirements, which includes batching receipts on a daily basis and making deposits timely which should be made once the Sheriff has collected at a minimum \$500 or more. Additionally, the practice of batching receipts daily and making timely deposits reduces the risk of misappropriation of cash, which is the asset most subject to possible misappropriation. The Fulton County Sheriff makes a couple of deposits a week, usually greater than \$500. We recommend that the Sheriff batch receipts daily and make deposits timely.

Sheriff Robert Hopper's Response: "Receipts are batched daily now. We were told by previously auditors that as long as they didn't go over \$500.00 we didn't have to do this daily. Again with me being out on medical I was unable to oversee this but it will happen now."

FULTON COUNTY
ROBERT HOPPER, SHERIFF
COMMENTS AND RECOMMENDATIONS
For The Year Ended December 31, 2009
(Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2009-03 The Fulton County Sheriff's Quarterly Financial Report Should Be Complete And Accurate

The Fulton County Sheriff's 4th Quarter Financial Report for calendar year 2009 was incomplete and inaccurate. The Sheriff's quarterly financial report submitted to the fiscal court and the Department for Local Government did not reflect the correct amount of fee receipts and expenses of the Sheriff's office or report the status of all funds maintained by the Sheriff and numerous adjustments had to be made. The Sheriff did not maintain detail receipt and disbursement ledgers for all fee monies received and expended during the year. KRS 68.210, 43.075(3) requires the Sheriff to maintain accurate records which support amounts reported on quarterly financial report and report status of all funds in the official's charge. We recommend that the Fulton County Sheriff maintain detail ledgers which support the amounts reported on the quarterly financial report and complete the quarterly financial report with all required information submitted within time required.

Sheriff Robert Hopper's Response: "Again I thought this was being done and will work with my new book keeper to see that everything is accurate."

2009-04 The Fulton County Sheriff Should Prepare An Annual Settlement Of Excess Fees At The Close Of Each Calendar Year Which Should Be Approved By Fiscal Court And Published In Local Newspaper

The Fulton County Sheriff did not prepare an annual settlement of excess fees for calendar year 2009. KRS 134.192(11) requires Sheriff to file a complete statement of all funds received by his office for official services, showing separately the total income received by his office for services rendered, exclusive of his commissions for collecting taxes, and the total funds received as commissions for collecting state, county, and school taxes; and a complete statement of all expenditures of his office, including his salary, compensation of deputies and assistants, and reasonable expenses. Any excess of receipts over expenditures should be paid to the fiscal court as excess fees. KRS 424.220 requires the Sheriff to publish this annual settlement within 60 days after the close of the calendar year or opt to publish the audit report. We recommend the Sheriff prepare an annual settlement of his accounts, pay excess fees to fiscal court, and comply with publication requirements.

Sheriff Robert Hopper's Response: "The Publication wasn't taken care of and will be taken care of at the right time from this tome forward."

FULTON COUNTY
ROBERT HOPPER, SHERIFF
COMMENTS AND RECOMMENDATIONS
For The Year Ended December 31, 2009
(Continued)

FINANCIAL STATEMENT FINDINGS: (Continued)

2009-05 The Fulton County Sheriff's Office Should Maintain Timesheets To Support Payroll Expenses And Properly Account For Any Overtime Hours

The Fulton County Sheriff's Office did not require time records to support payroll expenses for calendar year 2009. Without proper timesheets the Sheriff would not be able to verify hours worked and if anyone worked overtime and needed to be compensated for overtime. KRS 337.320 requires employers to keep a record of the hours worked each day and each week by each employee. Also, KRS 337.285 requires overtime be paid or compensatory time given for hours worked over 40 hours a week. The Fulton County Sheriff has a policy regarding overtime stating that any overtime worked will be accounted for as compensatory time. We recommend the Fulton County Sheriff require all employees to submit timesheets for hours worked and account for any overtime earned as compensatory time.

Sheriff Robert Hopper's Response: "My employees were satisfied with the amount of off time that they had and we are all sure that they donated some personal time that they couldn't take off for."

2009-06 The Fulton County Sheriff's Office Lacks An Adequate Segregation Of Duties

The Fulton County Sheriff's Office lacks of adequate segregation of duties over the all accounting functions of the Sheriff's Office. The Sheriff's bookkeeper is responsible for receiving cash, preparing the daily bank deposits, posting cash receipts to the ledger, preparing the monthly bank reconciliation and also comparing the monthly, quarterly and annual reports to the receipts and disbursements ledger. She is also responsible for preparing and signing checks as well as posting to the disbursements ledger and preparing financial reports. A proper segregation of duties is essential for providing protection from asset misappropriation and/or inaccurate financial reporting to external agencies, such as the Department of Local Government, which could occur but go undetected. This condition is a result of a limited budget, which restricts the number of employees the Sheriff can hire.

In order to adequately protect against misappropriation of assets and/or inaccurate financial reporting, the Fulton County Sheriff should separate the duties involved in receiving cash, preparing bank deposits, posting cash receipts to the ledger, preparing the monthly bank reconciliation, comparing the monthly, quarterly and annual reports to the receipts and disbursements ledger, writing checks, posting to the disbursements ledger as well as preparing the financial report. If, due to a limited budget, this is not feasible, a strong oversight over these areas should be implemented and involve an employee not currently performing any of those functions.

Sheriff Robert Hopper's Response: "During part of this time frame we were short handed as for the staff we normally have. A lot of items checked by other personnel was not initialed to show that it happened."

